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COMMERCE FOR SECRETARY GUTIERREZ, AMB LGUTIERREZ, NSC FOR  
DFISK

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TAGS: PREL ECON PGOV PA

SUBJECT: SEC. GUTIERREZ ASSURES LUGO OF US FRIENDSHIP

Classified By: Ambassador Liliana Ayalde; reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: President-elect Lugo received Secretary of Commerce Gutierrez and the U.S. delegation to his inauguration August 14, one day before taking his oath as president. Lugo told Secretary Gutierrez that he was pleased with U.S. cooperation and assistance. Gutierrez stressed that despite perceptions to the contrary, the United States' goals are the same as Paraguay's -- jobs, social equity, justice, and equality of opportunity. Lugo admitted that he's not a politician, but said he had built many alliances in the past year in order to fight poverty, exclusion, and corruption. After Lugo shared his family and personal history with Gutierrez, the Secretary assured Lugo that the United States wants to be part of Paraguay's future and its circle of friends. As in our other recent interactions, Lugo exuded warmth and confidence during this meeting. While Lugo's tone and words conveyed his interest in close relations with the United States, pragmatism will lead Lugo to seek close ties with others in the region as well. Regardless of Lugo's eventual foreign policy direction, he knows the United States is offering friendship. END SUMMARY.

¶2. (C) President-elect Lugo received Secretary of Commerce Gutierrez and the United States delegation to his inauguration August 14, one day before he assumed the presidency. Foreign Minister-designate Hamed Franco, Paraguayan Ambassador to the United States James Spalding and MFA Director of Foreign Affairs Cynthia Filartiga attended on the Paraguayan side. The U.S. delegation to the inauguration, including Ambassador Ayalde, NSC Latin America Director Dan Fisk, and OPIC CEO Robert Mosbacher, as well as WHA PDAS Craig Kelly, Sr. Commerce Advisor Lino Gutierrez, and Pol/Econ Chief Joan Shaker (notetaker), were also in attendance.

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PLEASANT PLEASANTRIES  
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¶3. (C) Lugo told Secretary Gutierrez that he was pleased with U.S. cooperation and assistance, particularly the MCC Threshold Program. Lugo assured the U.S. delegation that he "will do the impossible to improve" Paraguay's corruption. Lugo said he is cognizant of his people's hope for his government and asserted his desire "to change Paraguay's face to the world." Gutierrez conveyed warm regards from President Bush and offered Lugo an October 23 visit to Washington. Lugo responded that he would immediately work on scheduling the visit, asking when U.S. elections will take place. When Gutierrez answered November 4, Lugo quipped that he would be one of Bush's last interesting visitors. Lugo said he would "love to" visit Washington and expressed his

"great appreciation" for the United States and its friendship. Lugo said he wants to expand relations with the United States and will "open all doors to all countries." "We have every possibility to be close -- and to learn from each other," Lugo said. Lugo sent his best wishes to President Bush and his family.

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"WE'RE LIKE YOU"  
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¶ 14. (C) Gutierrez stressed that despite perceptions to the contrary, the United States' goals are the same as Paraguay's. "Like you," Gutierrez told Lugo in flawless Spanish, "we want jobs, social equity, justice, and equality of opportunity." "We have poverty, too, and also want to reach 0 percent poverty," Gutierrez told Lugo. "People think we're distant because we're far away-- but we're not. We share Latin America's history and want to be close."

¶ 15. (C) Lugo admitted that he's not a politician, but said he had built many alliances in the past year in order to fight poverty, exclusion, and corruption. Lugo described some members of his coalition as more to the left or the right, but said "all just want food on the table." Gutierrez noted that many leftist, pragmatic governments are successful, citing the example of Uruguay, which has achieved results via investment and trade. Gutierrez advised Lugo that the best way to promote economic development is via the creation of private sector jobs. Lugo expressed confidence in his pluralistic team, lamenting that he would have liked to have put more technicians in place, but that "the politicians were too strong." Gutierrez nodded that he understood, noting that politics always enter into the process.

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LUGO'S PERSONAL INSIGHTS  
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¶ 16. (C) In response to Gutierrez's comment that Lugo has an inspiring story, Lugo said "I'm not Mandela, but I want to change my country." Lugo explained his electoral victory by stating that the Paraguayan people want an honest leader, and that they saw that quality in him as a Catholic bishop. He said Paraguayans are humble, poor, simple, and pragmatic. "I'm not the best, the most capable, or the smartest politician," he said, "but I believe I can affect change." He vowed not to lie to or defraud his people, and said that he hoped to leave office in five years feeling satisfied that he made Paraguay a better place.

¶ 17. (C) Lugo ironized that he has discovered many relatives since he was elected president. In reality, he said, he comes from a small family. With roots in Galicia, Spain, the first Lugo arrived in Paraguay in 1602 to be a governor. While Lugo has family throughout Paraguay, his own family came from the Paraguari Department. His father was a justice of the peace who wanted one of his six children (five sons and one daughter) to become a lawyer. As the youngest (and his father's last chance), Lugo dutifully registered to study law but dropped out after 15 days, telling his father he wanted to teach in the countryside instead. His father, unhappy with this news, told Lugo he could do so on his own. Although Lugo was first in his class, he did not get a teaching job at the national high school because of his family's political activities. His family had strong Colorado roots but opposed the Stroessner regime, and several of his brothers were exiled and tortured. Denied an opportunity to teach, Lugo found God in the countryside and decided to enter the seminary. At age 18, he went to his father to break this news; his disappointed father told him to "forget about his family" but invited him to come home nine months later. Lugo said he never thought he would join the church, but that he "couldn't say no to God, just as he couldn't say no to the Paraguayan people."

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THE US IS HERE TO HELP

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¶ 8. (C) Secretary Gutierrez told Lugo that the United States wants to be part of Paraguay's future and its circle of friends. Gutierrez recited the famous saying that countries don't have friends, only interests, and told Lugo the saying is not true in this case. Gutierrez noted that we're all inter-related -- that Paraguay's ambassador to the United States has an American surname, and that Gutierrez' is Latino. Gutierrez assured Lugo that the United States is here to help, and would like to bring technology and investment to help jump-start Paraguay's economy. "Our interest," Gutierrez said, "is Paraguay's well-being, and we want both you and Paraguay to be successful." Lugo, grateful for Gutierrez' words, said international solidarity would be important during his five-year term. He said Paraguay's reputation as a corrupt country where illegality reigns and pirated goods flow freely is embarrassing for him and his people. He promised to "get inside" to attack those problems, lamenting that it will be challenging because politics are not a "clean game" in Paraguay. Lugo warmly thanked Gutierrez for his visit. As the delegation wished him well in the following day's activities, Lugo smiled and said "I'm ready."

¶ 9. (C) COMMENT: As in our other recent interactions, Lugo exuded warmth and confidence throughout this meeting, conversing in an animated and free-flowing fashion with Secretary Gutierrez, sharing his personal history, and laughing out loud on several occasions. While Lugo's tone and words conveyed his interest in close relations with the United States, pragmatism will lead Lugo to seek close ties with others in the region as well (not just Venezuela, Ecuador, and Bolivia, but also Chile, Brazil, Argentina and Uruguay). The meeting was light on substance, as Lugo's emerging style is to focus on the big picture and on personal relationships. In the past few weeks, we've allowed Lugo to set the pace as we continue to build a strong foundation with him and his team. Regardless of Lugo's eventual foreign policy direction, which he will begin to define in coming months, he knows the United States is offering friendship. We think that's a good start. END COMMENT.

¶ 10. (SBU) Secretary Gutierrez did not have an opportunity to clear this message.

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